



July 15, 2003

Mr. David Johnston
Indiana Utility Regulatory Commission
Indiana Government Center South
302 West Washington Street, Room E306
Indianapolis, Indiana 46204

Re: Indiana Net Metering Proposed Rule Draft 1

Dear Dave:

Indianapolis Power & Light Company appreciates the opportunity to provide comments on the first draft of the proposed net metering rule. We commend the Commission and staff for taking the initiative to propose this rule, which encourages the development of small scale renewable energy projects in the State of Indiana. Development of a standard approach to interconnection of small scale renewables statewide should encourage additional participation in the market by customers and suppliers.

As mentioned in Chairman McCarty's June 13th letter seeking comments, IPL has had a net metering tariff in place for a number of years. While we don't expect net metered renewable resources to make a significant contribution to IPL's load requirements in the near term, we continue to believe that encouragement of the development of these types of projects is important to the long term sustainability of low-cost energy supply to Indiana electric customers.

Since IPL's existing Standard Contract Rider No. 9 closely parallels the requirements of the draft rule, it is not anticipated that adoption of this rule will cause a burden to IPL or our customers, therefore our comments on this matter are limited. Specific IPL comments related to the proposed rules follow:

1. Availability [170 IAC X-4] — IPL's Rider No. 9 currently limits net metering capacity to 1 MW. IPL will change our tariff to conform to the proposed rule, if adopted, that requires 0.1% of capacity (or about 3 MW in IPL's case) be made available. However, IPL believes that the 1 MW of net metering capacity limitation that is currently available for our system is adequate. In the near term, this will likely be academic due to the limited customer demand for net metering. However, if significant interest in net metering materializes, we suggest that additional consideration be given to ensuring that the net metered customers are not being unfairly subsidized by the rest of IPL's customers.
2. Interconnection [170 IAC X-5] — Suggest the following comments to clarify the interconnection requirements:

- (b) The net metering facility shall have Underwriters Laboratories certification that it has satisfied the testing requirements of the most current version of UL 1741.
 - (c) The eligible net metering customer shall provide the electric utility proof of qualified installation of the net metering facility in accordance with the Indiana Electrical Code. Certification by a licensed electrician shall constitute acceptable proof.
3. Liability and Indemnity [170 IAC X-8 (a)] — Inserting the words set off by parenthesis “(i.e., above \$100,000)” in the 2nd sentence of this section after the words ... purchase additional liability insurance ... would clarify the intent of this sentence.
 4. Annual Report —This should provide an indication of customer interest in renewables and give utilities feedback on what approaches are and aren’t working on a statewide basis. The commission will have additional information on customer interest in net metering to assess how it fits, overall into the state’s energy supply mix.
 5. Other differences between IPL’s current net metering tariff and the proposed rules are minor and should not be difficult for IPL to reconcile with a filing through the commission’s 30 day filing process.

Our final comment is not directed specifically at the proposed net metering rule, but at possible future distributed generation (dis-gen) rulemakings. As we previously stated in our comments in February, 2002 regarding dis-gen, IPL is supportive of allowing the net metering of small scale renewable energy projects. While both theoretical and practical reasons exist to apply this form of net metering to small renewable projects the approach of providing a credit of the energy rate is not appropriate in larger dis-gen applications (if this matter is taken under further consideration by the commission at a later date).

Thank you for allowing us to participate in this process and we are hopeful that this rulemaking will complement efforts by IPL to stimulate additional customer interest in installing small scale renewable energy projects.

Sincerely,

Lester H. Allen, Manager
Regulatory Affairs

xc: The Honorable William D. McCarty, Chairman
The Honorable David W. Hadley, Commissioner
The Honorable Larry S. Landis, Commissioner
The Honorable Judith G. Ripley, Commissioner
The Honorable David E. Ziegner, Commissioner
Mr. Dale Thomas